



House of Representatives

General Assembly

File No. 291

February Session, 2008

Substitute House Bill No. 5326

House of Representatives, March 31, 2008

The Committee on Energy and Technology reported through REP. FONTANA, S. of the 87th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING MUNICIPAL ELECTRIC COSTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (1) of subsection (c) of section 16-244c of the
2 2008 supplement to the general statutes is repealed and the following
3 is substituted in lieu thereof (*Effective from passage*):

4 (c) (1) On and after January 1, 2007, each electric distribution
5 company shall provide electric generation services through standard
6 service to any customer who (A) does not arrange for or is not
7 receiving electric generation services from an electric supplier, and (B)
8 [does not use a demand meter or] either has a maximum demand of
9 less than five hundred kilowatts or is a school district or a
10 municipality, provided no school district or municipality previously
11 receiving electric generation services from an electric supplier shall be
12 eligible to receive standard service unless such customer agrees to
13 receive standard service for a period of not less than six months.

14 Sec. 2. Subsection (a) of section 16-243n of the 2008 supplement to
15 the general statutes is repealed and the following is substituted in lieu
16 thereof (*Effective from passage*):

17 (a) Not later than October 1, 2005, each electric distribution
18 company, as defined in section 16-1 of the 2008 supplement to the
19 general statutes, shall submit an application to the Department of
20 Public Utility Control to (1) on or before January 1, 2007, implement
21 time-of-use rates for customers that have a maximum demand of not
22 less than three hundred fifty kilowatts that may include, but not be
23 limited to, mandatory peak, shoulder and off-peak time-of-use rates,
24 and (2) on or before June 1, 2006, offer optional interruptible or load
25 response rates for customers that have a maximum demand of not less
26 than three hundred fifty kilowatts and offer optional seasonal and
27 time-of-use rates for all customers. The application shall propose to
28 establish time-of-use rates through a procurement plan, revenue
29 neutral adjustments to delivery rates, or both. On and after the
30 effective date of this section, said application shall not include school
31 districts and municipalities.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	16-244c(c)(1)
Sec. 2	<i>from passage</i>	16-243n(a)

ET Joint Favorable Subst.

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 09 \$	FY 10 \$
All Municipalities	Savings	Potential	Potential

Explanation

This bill expands the types of customers to whom electric companies must provide standard service to include municipal and school district customers. These customers have previously used the “supplier of last resort service” which is traditionally believed to be a more expensive form of electric service. This could result in a potential cost savings to municipalities.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sHB 5326*****AN ACT CONCERNING MUNICIPAL ELECTRIC COSTS.*****SUMMARY:**

This bill expands the types of customers to whom electric companies must provide “standard service” to include municipal and school district customers.

The bill seeks to exempt municipalities and school districts from the provisions of current law regarding time-of-use and related electric rates, but it appears that this provision has no effect.

EFFECTIVE DATE: Upon passage

STANDARD SERVICE

Under current law, companies must provide standard service to customers who have not chosen a competitive supplier, unless their maximum demand is 500 kilowatts or more or they have a demand meter. The companies must provide “last resort service” to customers who have not chosen a supplier whose demand is above this amount or who have a demand meter. There are several differences in how power is procured for these two services and how they are priced.

The bill shifts customers who have a demand meter but whose maximum demand is less than 500 kilowatts from last-resort service to standard service. It requires the companies to put municipalities and school districts on standard service, regardless of their demand. But, it bars a municipality or school district from being on standard service if it was previously served by a competitive supplier unless it agrees to stay on standard service for at least six months.

TIME-OF-USE AND SEASONAL RATES

By law, the electric companies had to apply to DPUC, by October 1, 2005, to (1) implement time-of-use rate for customers with demand of 350 kilowatts or more, (2) offer optional interruptible/load rates for these customers by June 1, 2006, and (3) offer optional seasonal and time-of-use rates to all customers by June 1, 2006. The bill bars the companies' applications from including municipalities and school districts. However, the applications have already been filed and approved by DPUC, as required by law.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute

Yea 22 Nay 0 (03/11/2008)